

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 PC-01 TRSE-00 OMB-01 EB-07
COME-00 AGRE-00 NEA-10 IO-13 STR-04 ACDA-07 /116 W
-----051712Z 012503 /11

R 040531Z MAY 77
FM AMEMBASSY KIGALI
TO SECSTATE WASHDC 4834
INFO AMEMBASSY ZANGUI
AMEMBASSY BRUSSELS
AMEMBASSY BUJUMBURA
AMEMBASSY KINSHASA
AMEMBASSY NAIROBI
AMEMBASSY PARIS

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JOINT STATE/AID/USIA/PC

E.O. 11652: N/A
TAGS: PFOR, CVIP, EAID, EAGR, RW, FR, LY
SUBJECT: TRENDS IN RWANDA: APRIL 1977

REF: KIGALI 227

1. SUMMARY: AID, TRADE, AND SECURITY PREOCCUPIED PERI-
PATETIC RWANDAN LEADERS DURING APRIL. PRES HABYARIMANA
MADE STATE VISITS TO FRANCE AND LIBYA, THEN ATTENDED
FRANCOPHONE HEADS OF STATE AND OCAM SUMMIT CONFERENCES IN
SENEGAL. MINISTER OF PLAN CONCLUDED LOAN AGREEMENTS WITH
ARAB ECONOMIC DEVELOPMENT BANK AND ATTENDED ACP-EEC
MEETING IN SUVA. AT HOME, RWANDAN COFFEE EXPORTERS WORRIED
ABOUT HIJACKERS AND BOOTLEGGERS. IN SOUTHERN PREFECTURE OF
GIKONGORO, LAVISH BELGIAN-BUILT TEA FACTORY WAS
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INAUGURATED. FINALLY, DEFENSE ATTACHES FROM KINSHASA WERE
CORDIALLY RECEIVED HERE AFTER NEARLY TWO YEAR SUSPENSION OF
CONTACTS.

2. HABYARIMANA SEEKS AID AND TRADE DURING VISITS TO
FRANCE, LIBYA, AND SENEGAL

PRESIDENT HABYARIMANA'S TWO WEEK SEARCH FOR NEW AID AND TRADE POSSIBILITIES WAS OSTENSIBLY DESIGNED TO SPOTLIGHT "OUVERTURE" POLICY OF SECOND REPUBLIC AND TO OBTAIN FRIENDLY NATIONS' AID IN SUPPORT OF RWANDA'S SELF-HELP EFFORTS. BUT NATIONAL SECURITY WORRIES WERE EASILY AS IMPORTANT AS DEVELOPMENT AIMS.

J. FRANCE: AID AND SECURITY

HABYARIMANA MADE FIRST 3-DAY STOP IN FRANCE JUST AFTER PRESIDENT GISCARD HAD ANNOUNCED MILITARY AID TO ZAIRE. HABYARIMANA'S FIRM SUPPORT FOR ACTION PROVIDED GOOD ATMOSPHERE FOR DISCUSSIONS ON MORE IMMEDIATE PROBLEM OF FRENCH FOREIGN AID. FRANCE, ONE OF RWANDA'S LARGEST DONORS, PROVIDES 8 MILLION DOLLARS ANNUALLY IN ASSISTANCE, MOSTLY IN HEALTH, EDUCATIONAL, CULTURAL, AND INFORMATIONAL ACTIVITIES, AS WELL AS TRAINING NATIONAL POLICE FORCE. AT END OF STAY, HABYARIMANA RECEIVED ASSURANCES INCREASED FRENCH ASSISTANCE IN RURAL DEVELOPMENT FOR DAIRY PROJECT IN KIGALI, AND SOYA CULTIVATION/INTEGRATED RURAL DEVELOPMENT PROJECT IN BUGESERA.

B. LIBYA: PUTTING ASSISTANCE SHOW ON THE ROAD

HABYARIMANA ALSO RECEIVED WARM WELCOME IN LIBYA WHERE LENGTHY DISCUSSIONS CENTERED ON IMPLEMENTATION OF AGREEMENTS SIGNED HERE JANUARY. NATIONAL BANK GOVERNOR SCORED SIGNIFICANT INTERNAL POLITICAL VICTORY, AS LIBYAN NEGOTIATORS AGREED NEW RWANDA-LIBYAN BANK WOULD BE SUBJECT LIMITED OFFICIAL USE

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TO NATIONAL BANK REGULATION AS ORIGINALLY PROPOSED BY GOR. ACCORDING PRESIDENT, ADDITIONAL GRANT WILL PERMIT MIXED RWANDAN-ARAB LIBYAN COMPANY FOR DEVELOPMENT AND COMMERCIALIZATION OF AGRICULTURAL AND LIVESTOCK PRODUCTS (SODEPARAL) TO BEGIN OPERATIONS SOON. DISCUSSIONS ALSO COVERED

COOPERATION BETWEEN MOUVEMENT REVOLUTIONNAIRE NATIONAL POUR LE DEVELOPPEMENT AND GENERAL POPULAR CONGRESS AND

COMMON POLITICAL CONCERNS, INCLUDING SITUATION IN SOUTHERN AFRICA. QUEST FOR LIBYAN AID OBLIGED HABYARIMANA TO REITERATE PRO-ARAB STANCE ON MIDDLE EAST AND AFFIRM TOUGHER STAND ON NORTH-SOUTH ECONOMIC ISSUES IN PUBLIC STATEMENTS IN TRIPOLI.

C. SENEGAL: MULTILATERAL DIPLOMACY

FRANCTPHONE AND OCAM CONFERENCES OCCUPIED

HABYARIMANA DURING LAST WEEK OF TRIP. ON HIS RETURN TO

KIGALI, HE PRAISED FRANCE'S WILLINGNESS TO PRESS FOR

GREATER CONSIDERATION OF AFRICAN NEEDS AT LONDON SUMMIT
AND TO HELP AFRICAN STATES WITH EXTERNAL SECURITY
PROBLEMS. PRESIDENT POINTEDLY CRITICIZED GREAT POWER
INTERFERENCE IN ASRICA, ADDING TMAE EAST-WEST DETENTE
SHOULD BE EXTENDED TO AFRICAN CONTINENT. HABYARIMANA
UNDOUBTEDLY PLEASED KIGALI WILL HOST 1979 FRANCOPHONE
SUMMIT. ANOTHER IRRESTIBLE OPPORTUNITY TO PUT RWANDA
ON THE MAP AND BREAK OUT OF PREVIOUS REGIME'S SELF-IMPOSED
ISOLATION.

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3. MINISTER OF PLAN SIGNS ARAB ECONOMIC DEVELOPMENT
BANK LOAN AGREEMENT EN ROUTE TO ACP-EEC CONFERENCE

MINPLAN, JEAN CHRYSOSTOME NDUHUNGIREHE, ALSO HAD AID AND
TRADE ON HIS MIND DURING TRIPS TO KHARTOUM AND SUVA. IN KHARTOUM
HE SIGNED 5 MILLION DOLLAR LOAN AGREEMENT WITH ARAB ECONOMIC

DEVELOPMENT BANK. REPAYABLE OVER 25 YEARS AT 2 PER CENT INTEREST, THE LOAN WILL PROVIDE REMAINDER OF FIANANCING NECESSARY FOR EAST BUGESERA AND GISAKA-MIGONGO RURAL DEVELOPMENT PROJECTS FOR WHICH GOR HAS ALREADY RECEIVED 14 MILLION DOLLAR IDA LOAN, A BELGIAN GRANT, AND FRENCH TECHNICAL ASSISTANCE. BANK ALSO AGREED IN PRINCIPLE TO 9 MILLION DOLLAR LOAN FOR MUKINGWA ELECTRICAL PROJECT WHICH EUROPEAN DEVELOPMENT FUND WILL ALSO HELP FINANCE.

AT SUVA ACP-EEC (AFRICAN, CARIBBEAN, PACIFIC-EUROPEAN LIMITED OFFICIAL USE

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ECONOMIC COMMUNITY) MEETING, PYRETHRUM, ONE OF RWANDA'S MOST IMPORTANT (AND MISMANAGED) PLANTATION CROPS, WAS ADDED TO LIST OF STABEX PRODUCTS; COFFEE, TEA, AND HIDES, OTHER IMPORTANT EXPORTS, WERE ALREADY ON LIST. GOR ALSO PLEASED WITH DECISIONS TO ENCOURAGE TRADE AMONG ACP COUNTRIES AND TO STUDY PROBLEMS OF LEAST-DEVELOPED AND LAND-LOCKED COUNTRIES WILL BRING PROFITABLE RESULTS TO ITS ECONOMY. AND TO TOP OFF MEETING, RWANDA ELECTED ONE OF ACP'S VICE PRESIDENTS FOR NEXT YEAR.

4. COFFEE: THOSE TROUBLESOME GOLDEN BEANS

WITH WORLD PRICE OF COFFEE AT DOLS 3.20 A POUND, FOB MOMBASA, RWANDA FINDING BEANS MAY HAVE BECOME TOO VALUABLE. AFTER ONE DRIVER AND A TRUCKLOAD OF COFFEE DISAPPEARED IN KENYA AND SEVERAL OTHER TRUCKS WERE IMPOUNDED IN UGANDA, RWANDA'S EXPORTING FIRM, RWANDEX, DECIDED IT WOULD BE NECESSARY TO FLY BEANS TO MOMBASA. HOWEVER, KENYAN AIR AUTHORITIES IMPOUNDED FREIGHT PLANE AFTER 11 FLIGHTS, (CARRYING 286 TONS) CLAIMING THAT BRITISH FIRM WHICH ARRANGED CHARTER, AND NOT ITS SUBSIDIARY WHICH OWNS PLANE, WAS GIVEN NECESSARY FLIGHT AUTHORIZATIONS. AFTER WEEK OF NEGOTIATIONS PROBLEM HAS BECOME DIPLOMATIC ISSUE, AND BRITISH FOREIGN OFFICE HAS REPORTEDLY INTERVENED TO SEE IF QUICK SOLUTION MAY BE REACHED. IN KIGALI, RWANDEX CONCERNED THAT PRODUCER PRICE OF 84 FRANCS A KILO WILL NOT BE ATTRACTIVE ENOUGH FOR RWANDAN FARMERS. FIRM SUSPECTS BURUNDI, UGANDA, AND ZAIRE MAY SET SLIGHTLY HIGHER PRICES AND LURE BOOTLEG RWANDAN COFFEE ACROSS BORDER. THIS WOULD REVERSE TRADITIONAL FLOW, AS STABILITY OF RWANDAN FRANC (ONE OF CENTRAL AFRICA'S "HARDEST" CURRENCIES) HAS IN PAST ATTRACTED SUBSTANTIAL BOOTLEG COFFEE FROM ITS NEIGHBORS, PARTICULARLY UGANDA. BUT, UNLESS SERIOUS PROBLEMS DEVELOP, IT UNLIKELY GOR WILL INCREASE PRODUCER PRICE (ALREADY NEARLY DOUBLED SINCE 1974) AND RISK ENCOURAGING OVERPRODUCTION OF COFFEE. MOREOVER, GOR ANXIOUS TO RETAIN AS MUCH EXTRA COFFEE REVENUE AS POSSIBLE FOR DEVELOPMENT/ STABILIZATION FUNDS AND OTHER EXPENDITURES.

5. BELGIANS INAUGURATE "WORLD'S MOST EXPENSIVE TEA FACTORY"

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ON APR 23 THE BELGIAN AMBASSADOR OFFICIATED AT INAUGURAL CEREMONIES FOR DOLS 4.5 MILLION TEA PROCESSING PLANT AT KITABI, ONE OF THE MOST REMOTE AREAS OF RAIN-FORESTED SOUTHWESTERN RWANDA. AT FULL CAPACITY, FACTORY'S ANNUAL OUTPUT PROJECTED AT 600-800 TONS, THUS MAKING IT WHAT ONE KIGALI-BASED TEA EXPERT CALLED "THE WORLD'S MOST EXPENSIVE TEA FACTORY." (BY WAY OF COMPARISON, PENDING FIRST US PRIVATE INVESTMENT IN RWANDA WILL BUILD A 3,500 TON FACTORY FOR DOLS 1.5 MILLION). THE FACTORY IS CLASSIC EXAMPLE OF DEVELOPMENT PLANNING THAT IGNORES LOCAL CONDITIONS: PLANT IS NOT LOCATED IN HIGH QUALITY TEA GROWING AREA; IT OVER STAFFED AND OVERBUILT WITH VIRTUALLY EVERY TOP-OF-THE-LINE FIXTURE; AND AUTOMATED TO THE EXTENT THAT BREAKDOWNS A CERTAINTY WHEN BELGIAN ENGINEERING STAFF DEPARTS. THOUGH COSTLY, THE PROJECT WILL BE A DEFINITE ASSET TO TEA SECTOR, WHICH HAS SEEN EXPORTS DOUBLE TO NEARLY 6,000 TONS SINCE 1973 AND EXPECTED TO DOUBLE AGAIN IN 5 YEARS. IT SHOULD ALSO HAVE BEEN A PRESTIGE FEATHER IN BELGIUM'S CAP -- BUT SENIOR GOR OFFICIALS UNACCOUNTABLY IGNORED THE EVENT. MORAL.....

6. DEFENSE ATTACHES VISIT RENEWS RWANDAN RELATIONSHIP

AN INFORMAL VISIT APRIL 7-8 BY DEFENSE ATTACHES RESIDENT IN KINSHASA ENDED NEARLY TWO YEARS OF DEEP-FREEZE RELATIONS BETWEEN U.S. AND RWANDAN MILITARY. EARLIER "MISUNDERSTANDINGS" WERE SWEEPED UNDER RUG, AND DEFMIN OFFICIALS (WHO REQUESTED THE VISIT) WERE OBVIOUSLY EAGER TO RESUME CONTACTS (A FUNCTION, NO DOUBT, OF SAME SECURITY CONCERNS WHICH OCCUPIED PRESIDENT'S VISITS TO PARIS AND TRIPOLI). DURING THEIR TWO DAY VISIT HERE, THE ATTACHES MET NEARLY EVERY MEMBER OF THE ARMY'S HIGH COMMAND DURING OFFICIAL CALLS AND AN EVENING RECEPTION AT THE AMBASSADOR'S RESIDENCE. AT THE CONCLUSION OF THEIR STAY, THE ATTACHES AND THE MINISTRY AGREED THAT INFORMAL CONTACTS SHOULD CONTINUE ON A MORE REGULAR BASIS. INEVITABLE RWANDAN APPEALS FOR MILITARY AID WERE GIVEN SCANT ENCOURAGEMENT, HOWEVER.

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